

August 15, 2012

ITEM NO. B1

AUTHORIZATION TO EXECUTE AN AGREEMENT TO ENTER INTO A HOUSING ASSISTANCE PAYMENTS CONTRACT WITH HOME FIRST ILLINOIS

To the Honorable Board of Commissioners:

Recommendation

It is recommended that the CHA execute an Agreement to enter into a Housing Assistance Payments (AHAP) Contract with Home First Illinois for:

- 10 units for people with physical disabilities (3 units at 1000 E. 53rd Street; 3 units at 5455 N. Sheridan; 2 units at 5415 N. Sheridan; and 2 units at 420 W. Belmont).
- **The purpose of this contract is to increase the supply of long-term, accessible affordable housing opportunities in healthy neighborhoods for individuals with physical disabilities exiting nursing homes.**

Background on Property Rental Assistance (PRA) Program

The 10 units in this proposed AHAP Contract will be administered as part of the Property Rental Assistance (PRA) Program. PRA was launched in June 2010 to add 500-650 new CHA units per year through an open web-based application process. PRA program goals are to:

1. Increase the number of affordable housing opportunities in healthy neighborhoods.
2. Ensure long-term affordability in opportunity areas.
3. Provide affordable housing options for working families, seniors and special needs populations.
4. Provide owners with reliable and straightforward rental income for their properties.

All CHA-assisted PRA units count toward the overall 25,000 unit goal in the Plan for Transformation. HUD and the CHA Board of Commissioners approved this designation as part of Amendment 3 to the Amended and Restated MTW Agreement in March 2010.

PRA Evaluation Process

Complete applications for PRA assistance are evaluated in the order received as part of a twice-monthly evaluation committee process. The PRA evaluation committee is comprised of:

- 4 CHA staff representing Asset Management, Development Management, Finance and Resident Services
- 1 staff from the Chicago Department of Housing and Economic Development (DHED)
- 1 staff from the Chicago Department of Families and Supportive Services (DFSS).
- 1 staff from the Corporation of Supportive Housing (CSH)
- Business and Professional People for the Public Interest (BPI) also provide non-voting participation.

All applications are evaluated on 5 criteria: Property Characteristics, Neighborhood, Owner Experience, Manager Experience, and Rent Structure.

PRA Program Status

The PRA portfolio currently includes 2,115 units in 96 developments. The program provides \$20.7 Million in annual HAP payments and currently has a 97.2% occupancy rate.

- In 2010, PRA added 234 units in 9 developments;
- In 2011, PRA added 569 units in 36 developments;
- In 2012, PRA plans to add 650 units to achieve unit count goals in the 2012 Annual Plan.
- So far in 2012, 176 PRA units are under contract or in the pipeline.

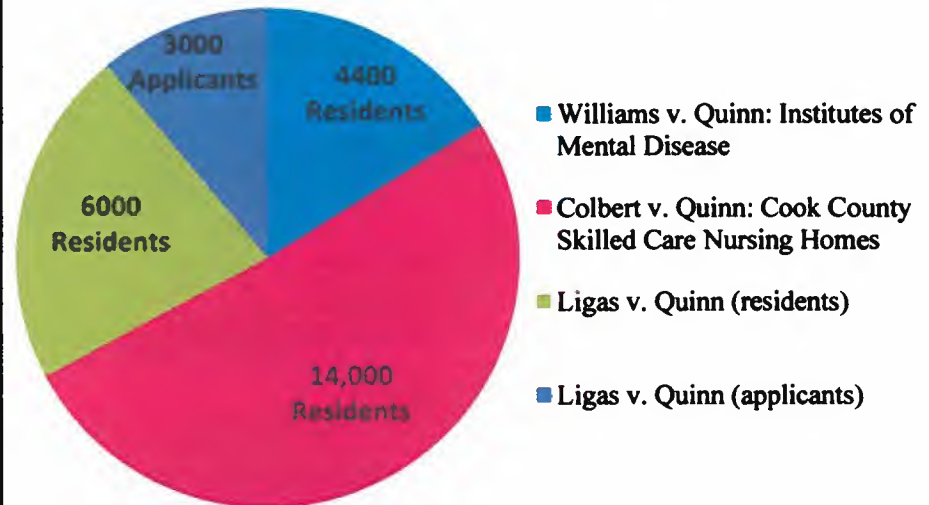
Background on Home First Illinois

A 1999 US Supreme Court ruling (*Olmstead vs. L.E.*) held that Title II of the Americans with Disabilities Act (ADA) prohibits unjustified segregation of people with disabilities. As a consequence, public entities must administer their services, programs and activities in the “most integrated setting appropriate to the needs of the person with disabilities.”

At the Illinois state level, there are three *Olmstead* based class-action lawsuits in which the State of Illinois entered into Consent Decrees regarding the rights of more than 27,400 residents or applicants living in Illinois skilled nursing facilities, Institutes for Mental Disease, and Intermediate Care Facilities for persons with developmental disabilities. Class members must be assessed for their interest and ability to live in community-based housing of their choice.¹ It is estimated that 50% of the members of the three *Olmstead* classes are in Chicago.

De-Institutional Class Action Lawsuits

27,400 people possibly needing supportive housing



As a component of the settlement of the Consent Decrees persons with disabilities moving to a community integrated setting are offered person-centered services necessary to assist them in transitioning from institutional to community settings.

In June 2012, HUD issued the following guidance via Public and Indian Housing Notice 12-31:

“HUD plays a role in furthering *Olmstead* implementation by helping persons with disabilities access affordable, integrated housing opportunities. There are a variety of actions that PHAs may take under currently existing authority to meet the housing needs of persons with disabilities transitioning from institutions or at serious risk of institutionalization. These actions, identified below, may be taken whether or not the PHA’s state or local public entity is subject to outstanding *Olmstead*-related litigation, enforcement activities, or undertaking affirmative *Olmstead* planning and implementation efforts.”

The actions that HUD is encouraging housing authorities to implement include the following:

- Establish local preferences for people with disabilities who are ready to leave nursing homes;
- Earmark vouchers for non-elderly disabled persons and persons exiting institutions, and allowing any of the turnover vouchers to remain in a pool for these specific groups; and
- Partner with disability groups to provide services and develop a listing of accessible housing available and listings for people with disabilities who are ready to leave institutions and those who are in danger of being institutionalized.

¹http://www.pascenter.org/olmstead/olmstead_cases.php?state=illinois

Owner / Manager Information

The Home First Illinois proposal is for 10 PRA units in four (4) separate condominium properties, one of which is in Hyde Park, two are in Edgewater and one is in Lakeview. (Property details begin on page 4).

Home First Illinois (HFI) is a subsidiary of IFF (formerly known as Illinois Facility Fund) that was created to develop and own integrated housing with access to services for very low-income people with disabilities. The Illinois Housing Development Authority (IHDA) funded \$5 million in State of Illinois capital funds to HFI under its Build Illinois Bond Demonstration Program, and IHDA has made a conditional commitment to fund an additional \$10 million in State capital funds to HFI to implement the Illinois Accessible Housing Initiative in its efforts to develop accessible housing for households referred through the Money Follows the Person (MFP) program based upon its successful implementation of the Demonstration Program. The State has contracted with Access Living to transition MFP participants into the community and coordinate the required access to supportive services. Services will include training in independent living skills, provision of assistive equipment and devices, personal assistant management training, transportation to Adult Day Care, home health aides, home delivered meals, personal assistants to help with eating, bathing, personal hygiene, occupational, physical and speech therapy, and other needs. These services are funded by Medicaid and the State of Illinois.

The units will be managed by Affordable Property Management Specialists, which has been in business since 2006 for the express purpose of managing affordable housing for low-income households. APMS currently manages four Low Income Housing Tax Credit projects, consisting of 10 buildings totaling 275 units located in four different areas of the City.

- All owners in the PRA program are reviewed as part of a thorough due diligence process. This includes review of code violations, HUD debarred list, City scofflaw, criminal background, & program participation.

No issues were identified during the review of Home First Illinois or IFF.

Contract Information

- **Funding Source:** Housing Choice Voucher Program (Property Rental Assistance)
- **Term:** 15 Years
- **Initial Annual Contract Amount:** \$125,076
- **15-Year Base Contract Value:** \$1,876,140

Waiting List / Occupancy Process

Home First Illinois' Illinois Accessible Housing Initiative is designed to house extremely low income individuals who receive Medicaid assistance and are transitioning from a nursing home (via Money Follows the Person or the *Colbert* Consent Decree Implementation Program) who desire to live in housing of their choice. The population includes people with physical disabilities who are able to live independently provided that affordable and accessible units with services are available. Currently, Money Follows the Person is operational, with people actively being transitioned into the community. By September 20, 2012, the Colbert Implementation Plan will be finalized, allowing members of that class to also be transitioned to Illinois Accessible Housing Initiative units.

Individuals that are Money Follows the Person program participants and are also already on one of CHA's waiting lists who meet the Tenant Selection Plan for the Illinois Accessible Housing Initiative project will have first priority for the 13 vacant units. CHA will cross-reference the entire Money Follows the Person participant waiting list maintained by DRS against CHA's waiting lists (approximately 85,000 applicants) prior to the leasing process for these properties, to identify those MFP enrollees who are on existing CHA waiting lists. In the future, when the *Colbert* Implementation Plan is finalized, CHA will cross-reference the Colbert class waiting list, which contains 14,000 to 18,000 people, against its waiting lists prior to leasing new Illinois Accessible Housing Initiative units.

After the qualifying candidates from the CHA waiting list is exhausted, applicants for any remaining vacant units will be referred through the Statewide Housing Referral Network that has been established by the Office of the Governor to coordinate housing referrals of MFP enrollees and the Colbert class members who reside in nursing facilities and who desire to, and are deemed capable of living in a less restrictive environment than a nursing facility.

Home First Illinois Development Information

The units are owned by Home First Illinois (HFI). HFI acquired the units between May and July 2012 and intends to substantially rehabilitate them to make the units fully accessible for wheelchair users. The Hyde Park property contains a total of 144 condo units of which 1 one-bedroom and 2 two-bedroom units are proposed to receive PRA subsidy. One of the Edgewater properties contains a total of 744 condo units of which 2 one-bedroom units are proposed to receive PRA subsidy; the other Edgewater property contains a total of 465 condo units of which 3 one-bedroom units are proposed to receive PRA subsidy. The Lakeview property contains 206 units of which 1 studio and 1 one-bedroom unit are proposed to receive PRA subsidy.

Additional information regarding the 13 units is as follows:

Address: 1000 E. 53rd Street

- **PRA Units:** 1 one-BR and 2 two BR units
- **Population:** People with disabilities
- **Total Units:** 144
- **Subsidy Ratio:** 2% of building
- **Unit Size:** Approx. 850 to 1,020 sq. ft.
- **Condition:** To be substantially rehabbed
- **Amenities:** 100% accessible features, fitness center, enclosed large open courtyard, 24-hour desk clerk, and parking garage with a covered indoor parking space.
- **Contract Rent:** \$1,006 per month for the one-bedroom unit and \$1,151 per month for the two-bedroom units (the tenant will pay for gas heating and electric cooking and lights). Comparable with units in building/neighborhood.
- **Inspection Results:** Will occur at construction completion.



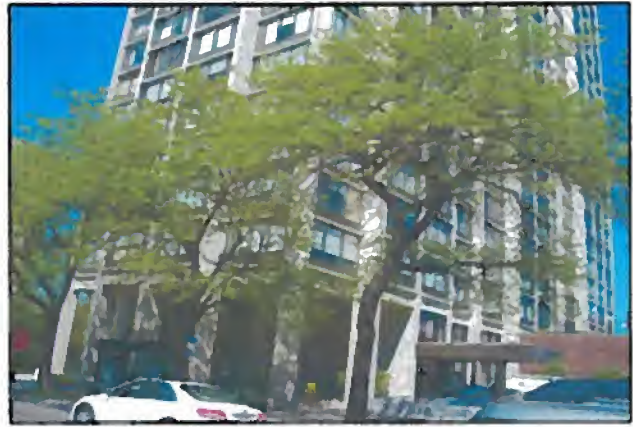
Address: 5415 N. Sheridan Rd

- **New PRA Units:** 2 one-bedroom units
- **Population:** People with disabilities
- **Total Units:** 744
- **Subsidy Ratio:** .03%
- **Unit Size:** 850 sq. ft.
- **Condition:** To be substantially rehabbed
- **Amenities:** 100% accessible features, indoor pool and hot tub, fitness center, outdoor deck and picnic area, community room, grocery store and dry cleaner, receiving room, doorman and bus tracker on lobby monitor.
- **Contract Rent:** \$970 per month (the tenant will pay for electric cooking and lights). Comparable with units in the building/neighborhood.
- **Inspection Results:** Will occur at construction completion.



Address: 5455 N. Sheridan Rd

- **New PRA Units:** 3 one-bedroom units
- **Population:** People with disabilities
- **Total Units:** 465
- **Subsidy Ratio:** .02%
- **Unit Size:** 970 sq. ft.
- **Condition:** To be substantially rehabbed
- **Amenities:** 100% accessible features, swimming pool and sun deck, library, 2 party rooms, common laundry room, barbeque and picnic area, 24 hour desk clerk and on-site dry cleaner.
- **Contract Rent:** \$970 per month (the tenant will pay for electric cooking and lights). Comparable with units in the building/neighborhood.
- **Inspection Results:** Will occur at construction completion



Address: 420 W. Belmont

- **New PRA Units:** 1 studio & 1 one-bedroom unit
- **Population:** People with disabilities
- **Total Units:** 206
- **Subsidy Ratio:** .005%
- **Unit Size:** 900 sq. ft.
- **Condition:** To be substantially rehabbed
- **Amenities:** 100% accessible; party room, pool, 24-hour door staff, laundry room; very close to the beach.
- **Contract Rent:** \$937 for the studio and \$1,328 for the one bedroom per month (tenants will pay for electric cooking and lights). Comparable with units in the building/neighborhood.
- **Inspection Results:** Will occur at construction completion

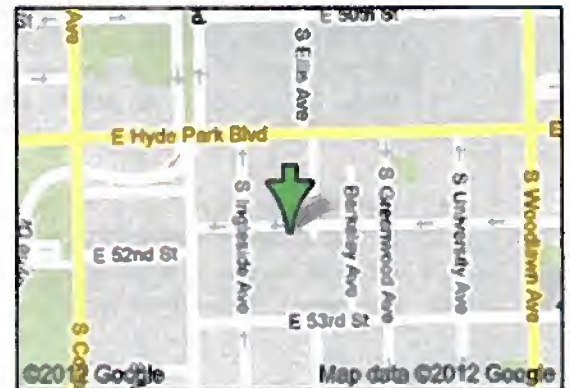


Neighborhood Information

Hyde Park: Hyde Park is a vibrant, stable community area which offers a wide array of commercial shops, restaurants, galleries, museums and businesses.

53rd Street is a major shopping thoroughfare.

- The 53rd Street Metra Stop is 0.75 miles from the property and CTA bus lines run on 51st and 53rd Streets all providing convenient and fast access to downtown Chicago
- Treasure Island Food Mart, Walgreens and Hyde Park Produce are all within a few blocks of the property
- Less than a mile from the University of Chicago, the University of Chicago Medical Center and Museum of Science and Industry and Lake Michigan
- Low rate of subsidized housing and crime
- 4th Aldermanic Ward (William Burns)



Edgewater: Edgewater is a thriving, long established community bordering Lake Michigan, approximately seven miles north of downtown Chicago. The properties are located adjacent to the Andersonville neighborhood which offers an array of retail shops, restaurants, galleries and businesses.

- 2 blocks from the CTA Red Line



- 3 CTA bus lines on Sheridan
- 2 blocks from Dominick's Grocery Store
- Low rate of subsidized housing and crime
- 48th Aldermanic Ward (Harry Osterman)

Lakeview: Lakeview is a flourishing, robust community with a mix of residential, commercial and institutional uses.

- The property is less than a mile from Lake Michigan and has easy access to the lakefront via pedestrian crossing under Lakeshore Drive.
- It's just blocks from Whole Foods, Jewel, Treasure Island and Walgreens.
- The Belmont red, purple and brown lines plus the Belmont Bus and the Inner Lakeshore Drive buses all provide convenient and fast access to downtown.
- Low rate of subsidized housing and crime
- 44th Ward (Thomas Tunney) for the Belmont building
- 46th Ward (James Cappleman) for the Irving Park building



Conclusion on Home First Illinois

It is recommended that CHA execute an Agreement to enter into a Housing Assistance Payments Contract with Home First Illinois to provide PRA subsidies for 10 units designated for people with disabilities in the Hyde Park, Lakeview and Edgewater communities. The term of the Housing Assistance Payment Contract will be for 15 years. Home First Illinois' proposal meets all four (4) of the PRA program goals:

1. Increase the number of affordable housing opportunities in healthy neighborhoods.
2. Ensure long-term affordability in opportunity areas.
3. Provide affordable housing options for working families, seniors and special needs populations.
4. Provide owners with reliable and straightforward rental income for their properties.

RESOLUTION NO. 2012-CHA-61

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the Board letter dated August 15, 2012 requesting authorization to execute an Agreement to enter into a Housing Assistance Payments (AHAP) Contract with Home First Illinois;

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY:

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to (1) execute an Agreement to enter into a Housing Assistance Payments (AHAP) Contract with Home First Illinois for 10 units designated for people with physical disabilities; and (2) execute all other documents as may be necessary or appropriate to implement the foregoing. It is anticipated that the Housing Assistance Payments Contract will be for a 15-year term.

